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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
ROBERT BURNS
SUSAN BITTER SMITH

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Arizona Corporation Commission

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JAN 31 2014

ORIGINAL
ARIZONA CORPORATION COMMISSION
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IN THE MATTER OF THE APPLICATION OF
SUNRISE WATER CO., AN ARIZONA
CORPORATION, FOR AUTHORITY TO INCUR
LONG-TERM DEBT FROM THE WATER
INFRASTRUCTURE FINANCE AUTHORITY OF
ARIZONA

DOCKET NO. W-02069A-13-0261

RESPONSE TO STAFF REPORT

1 Sunrise Water Co, ("Sunrise") hereby responds to the January 23, 2014, Staff Report in
2 the above-captioned docket.

3 Sunrise appreciates Staff's work in processing the Financing Application and generally
4 accepts Staff recommendations, subject to the following clarifications:

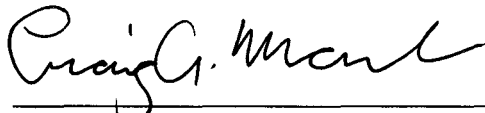
5 1. In the Staff Report, Staff refers to a "two vessel" system in several locations.
6 Sunrise continues to work on design of the arsenic-treatment facility and selection of the arsenic-
7 treatment vendor and has not finalized the configuration of the arsenic-treatment system to be
8 installed. Sunrise believes that space considerations may require the use of a single vessel
9 system rather than the two-vessel system originally proposed. Sunrise does not believe that
10 Staff's intent is to limit its recommendation to a "two vessel" system. Nevertheless, Sunrise
11 requests that the Order authorizing the requested financing be non-prescriptive and not require a
12 particular arsenic-treatment system configuration.

13 2. Throughout the Staff report, Staff refers to Sunrise's intent to construct a
14 250,000 gallon storage tank. As noted in the Company's application, Sunrise is considering
15 constructing a tank of up to 400,000 gallons in size. Should the larger tank be constructed, the
16 estimated cost is estimated to increase by approximately \$174,000. However, Sunrise is not
17 requesting debt financing for any additional costs that would be incurred for a larger tank.

1 Sunrise does not believe that Staff's intent is to limit its recommendation to a 250,000 tank.
2 Nevertheless, Sunrise requests that the Order authorizing the requested financing be non-
3 prescriptive and not limit the size of the storage tank.

4 3. On page 2 of the Staff Report, Staff states that the purpose of the well
5 improvements project is "...to increase water supplies to satisfy expected customer growth..."
6 Yet, Staff states on page 2 of the Engineering Memorandum, that Sunrise believes its current
7 storage tank "is inadequate to meet current and future customers" demands and Staff concludes
8 on page 4 of the Engineering Memorandum that "the Sunrise water system has a water
9 production shortfall of approximately 103 gpm." (Emphasis added.) Accordingly, Sunrise
10 believes that Staff's statement linking the financing to expected customer growth is inconsistent
11 with the evidence. Sunrise requests that the Order authorizing the requested financing make it
12 clear that the primary purpose of the projects being financed is to meet current customer
13 demands.

14 Respectfully submitted on January 31, 2014, by:

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26 on January 31, 2014, with:

27
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